Reduction in petroleum prices

*93. SHRI TAPAN KUMAR SEN:
SHRI CHITTABRATA MAJUMDAR:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are considering reduction of petroleum prices in view of decline in international prices of crude oil;

(b) if so, the road-map and time-frame thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) The Indian basket of crude oils was at about $67/bbl when the last increase in prices of petrol and diesel in June 2006 was made. Retail prices of petrol and diesel were increased only partially and not in line with the then prevailing international oil prices. No increase has been made in retail prices of PDS kerosene and domestic LPG. The increase required and the increases made are elaborated in the table below:

Product	Petrol (Rs/ltr)	Diesel (Rs/Ltr)	PDS Kerosene (Rs/Ltr)	Dom.LPG (s/Cyl)
Increase required as per May/June 06 international prices	10.55	9.88	17.16	114.45
Increase made on 6.6.06	4.00	2.00	Nil	Nil
Balance	6.55	7.88	17.16	114.45

The prices went up to $75/bbl in August this year. The Government, however, did not raise the domestic retail prices and the additional burden was borne by the Government and the oil PSUs. The oil marketing companies continue to incur heavy under recoveries in diesel, PDS Kerosene and domestic LPG, even when the prices have currently come down to $57-58/bbl.

The oil marketing companies are still incurring under recoveries (difference between retail price equivalent to the level of international oil prices and price

actually charged from the consumer) on diesel, PDS kerosene and domestic LPG. In case of PDS kerosene, the last price revision was done almost 5 years ago when the international oil prices were very low. Similarly domestic LPG prices were revised marginally two years ago.

In first half of 2006-07 (1.4.2006 to 30.9.2006) the under recoveries have amounted to about Rs. 33,200 crores. These under recoveries have been partially met through burden sharing of Rs. 12,000 crores by upstream companies, viz., ONGC, OIL and GAIL and assurance of issue of bonds of Rs. 14,150 crores.

The Government is keeping a close watch on the international prices. The Government will consider downward revision in the prices of petrol and diesel when there is a sustained drop in the prices of crude in the international market.

Completion of projects with Iran

*94. SHRI AMAR SINGH:
SHRI ABU ASIM AZMI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Iran has been keeping Indian hanging on each and every energy project like C.N.G. Project, L.N.G. Project, Hydrocarbons Project for the last several years;

(b) if so, what are the details of projects which are still hanging fire at present and since when; and

(c) by when these are likely to be approved?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) India and Iran had signed a Memorandum of Understanding (MoU) on 27.1.2003 for co-operation in hydrocarbon sector. Accordingly, Indian Oil Sector PSUs are pursuing opportunities in both upstream and downstream sectors in Iran, as under:-

(A) Import of 5 MMTPA LNG from Iran

A Sale-Purchase Agreement (SPA) was signed on 13th June, 2005, in Tehran for import of 5 million metric tonnes per annum (MMTPA) of LNG